

Master Settlement Agreement

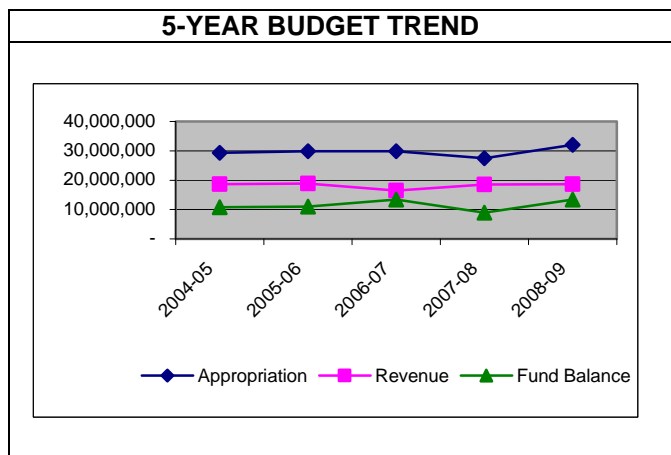
DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998 a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are to be divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

A majority of the county's total proceeds are used each year to finance a portion of the Arrowhead Regional Medical Center debt.

There is no staffing associated with this budget unit.

BUDGET HISTORY



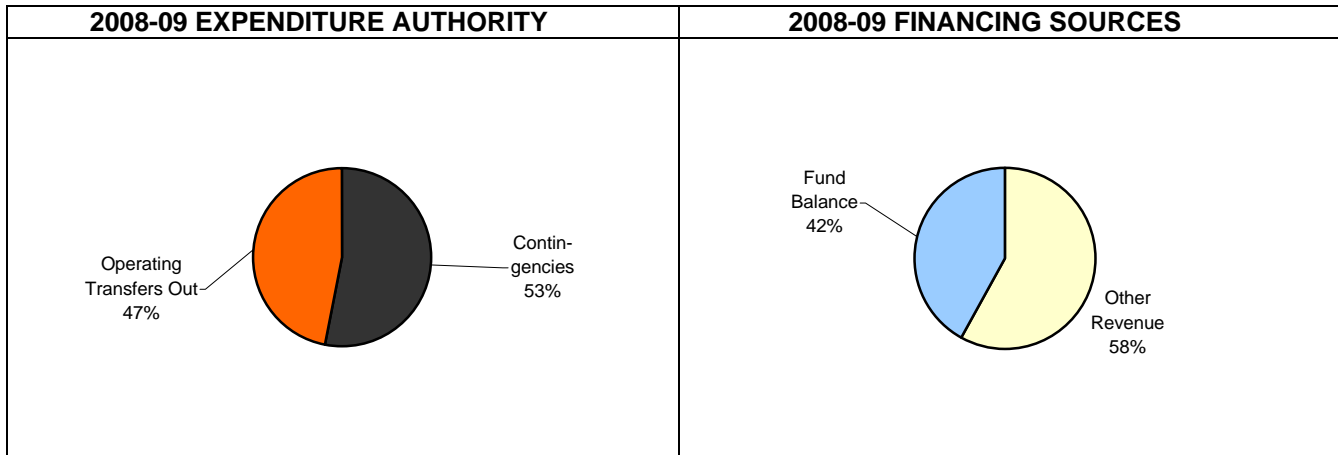
PERFORMANCE HISTORY

	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Modified Budget	2007-08 Estimate
Appropriation	18,633,000	15,000,000	22,933,000	27,434,886	15,000,000
Departmental Revenue	18,757,407	17,438,142	18,440,431	18,500,000	19,458,797
Fund Balance				8,934,886	

In accordance with Section 29009 of the State Government Code, the entire unreserved fund balance must be appropriated each year. Accordingly, estimated expenditure is typically less than budget. The amount not expended is carried over to the subsequent year's budget.

Estimated departmental revenue is higher than modified budget due to an increase in settlement monies being received.

ANALYSIS OF PROPOSED BUDGET



GROUP: Health Care
 DEPARTMENT: Master Settlement Agreement
 FUND: Tobacco Settlement Agreement

BUDGET UNIT: RSM MSA
 FUNCTION: Health and Sanitation
 ACTIVITY: Hospital Care

	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Estimate	2007-08 Final Budget	2008-09 Proposed Budget	Change From 2007-08 Final Budget
Appropriation							
Other Charges	-	-	4,000,000	-	-	-	-
Contingencies	-	-	-	-	12,434,886	16,993,683	4,558,797
Total Appropriation	-	-	4,000,000	-	12,434,886	16,993,683	4,558,797
Operating Transfers Out	18,633,000	15,000,000	18,933,000	15,000,000	15,000,000	15,000,000	-
Total Requirements	18,633,000	15,000,000	22,933,000	15,000,000	27,434,886	31,993,683	4,558,797
Departmental Revenue							
Use Of Money and Prop	280,108	479,359	689,674	561,399	500,000	600,000	100,000
Other Revenue	18,477,299	16,958,783	17,750,757	18,897,398	18,000,000	18,000,000	-
Total Revenue	18,757,407	17,438,142	18,440,431	19,458,797	18,500,000	18,600,000	100,000
Fund Balance					8,934,886	13,393,683	4,458,797

Contingencies of \$16,993,683 are increased by \$4,558,797 to reflect anticipated available fund balance. State approval will be sought for the expenditure of these funds and prior year carryover funds.

Operating transfers out of \$15.0 million reflect a transfer to the general fund which is then used to fund the local cost within the Health Care Administration budget unit. Health Care Administration budget unit uses that local cost to fund the \$4.3 realignment local match requirement and \$10.7 of net debt service lease payment for Arrowhead Regional Medical Center.

Interest revenue of \$600,000 is increased by \$100,000 to reflect current interest rates and higher cash balance.

Other revenue of \$18.0 million reflects anticipated revenue received from the major tobacco companies to the Master Settlement Agreement fund.